

Message Text

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13

ACTION IO-14

INFO OCT-01 CIAE-00 CU-04 INR-10 NSAE-00 RSC-01 USIA-15

EUR-25 ISO-00 DRC-01 ABF-01 OMB-01 TRSE-00 /073 W

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NESCO

E.O. 11652: N/A

TAGS: AORG, UNESCO

SUBJECT: UNESCO GENEVA GROUP MEETING SEPT 7

REF: 93 USEX/7.2

1. UNESCO GG WITH ALL MEMBERS PRESENT MET SEPT 7 WITH UK PERM
REP PRESIDING TO CONSIDER GROUP'S POSITION REGARDING MEASURES
TO BE TAKEN TO MEET FINANCIAL CRISIS FACING ORGANIZATION.

2. SUMMARY OF DISCUSSION AND DECISIONS FOLLOWS:

A. GROUP UNANIMOUSLY OPPOSED US DR PROPOSING THAT DG BE
GIVEN BORROWING AUTHORITY ON "EXCEPTIONAL AND NON-RENEWABLE
BASIS" TO CONCLUDE LOAN TO MEET DEVALUATION DEFICIT AND
"REPAY IN EQUAL INSTALLMENTS OVER PERIOD NOT TO EXCEED FIVE
YEARS." OPPOSITION TO LOAN CENTERED ON TWO POINTS: (1) MOST
GG FINANCE MINISTRIES OBJECTED TO GRANTING BORROWING
AUTHORITY TO MEET OPERATIONAL BUDGET DEFICITS. THEY WERE NOT
OPPOSED TO GRANTING SUCH AUTHORITY FOR CAPITAL INVESTMENT
BUDGET AMORTIZATION. (2) MOST MEMBERS OPPOSED TO INCREASING
COST OF DEVALUATION DEFICIT BY AUTHORIZING LOAN, INTEREST
COST OF WHICH CURRENTLY ESTIMATED AT UP TO 10 PER CENT OF WHAT-
EVER TOTAL SUPPLEMENTAL ESTIMATE IS VOTED; NAMELY, \$1.4 MILLION
IF \$14 MILLION SUPPLEMENTARY ESTIMATE WERE VOTED. ALL OTHER

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PROVISIONS OF US DR ACCEPTED UNANIMOUSLY. COMMENT: IN VIEW

OF TOTAL LACK OF GG SUPPORT, PERM REP RECOMMENDS US DROP
LOAN PROPOSAL.

B. UK MEMBER, STRONGLY BACKED BY AUSTRALIAN, CHALLENGED
SECRETARIAT'S FIGURES FOR DEVALUATION DEFICIT. UK NET
DEFICIT FIGURE ALMOST \$6 MILLION UNDER THAT OF SECRETARIAT.
EXBD SECREARY NOW PLANS TO REQUEST BOARD'S BUREAU TO
SCHEDULE F&A COMMISSION MEETING AFTERNOON OF OPENING DAY
(SEPT 12) TO STUDY SECRETARIAT'S DEFICIT FIGURES AND TO
REPORT TO PLENARY ON SUBJECT MORNING OF SEPT 13 AT OPENING
OF GENERAL DEBATE ON FINANCIAL SITUATION. GROUP AGREED TO
SUPPORT SCHEDULING OF F&A MEETING. IN THIS CONNECTION GROUP
INFORMED THAT IF BUREAU SCHEDULES F&A COMMISSION SESSION
AFTERNOON OF SEPT 12, THERE WILL PROBABLY BE PLENARY MEETING
ON SATURDAY MORNING SEPT 15 TO COMPLETE FIRST PART OF DEBATE
ON FINANCIAL SITUATION, ORIGINALLY SCHEDULED TO END
ON SEPT 13.

C. FRG MEMBER PROPOSED, AND UK STRONGLY SUPPORTED, THAT
GG RECOMMEND A MINIMUM-MAXIMUM DOLLAR FIGURE APPROACH TO
WHATEVER FINANCIAL RELIEF MEASURE IS FINALLY VOTED
TO MEET ORGANIZATION'S DEVALUATION DEFICIT. MINIMUM FIGURE,
FOR EXAMPLE, WOULD BE SUM WHICH EMERGENCY GC WOULD IMMEDIATELY
APPROVE AS SUPPLEMENTAL ESTIMATE; MAXIMUM FIGURE COULD BE
FIGURE REPRESENTING MAXIMUM ADD-ON WHICH EXBD WOULD BE
AUTHORIZED TO APPROVE OVER AND ABOVE SUM APPROVED BY EMER-
GENCY GC TO MEET ANY ADDED NEED FOR FINANCIAL RELIEF
DURING BALANCE OF BIENNIUM PRIOR TO CONVENING OF 18TH GC.
COMMENT: PERM REP BELIEVES FRG/UK PROPOSAL HAS MERIT AS IT
WOULD PROVIDE ONE MORE MEANS OF FORCING DG TO OBSERVE ECONOMY
AND AUSTERITY DURING BALANCE OF THIS BIENNIUM.

D. GG MEMBERS RELUCTANTLY BUT NEVERTHELESS UNANIMOUSLY
AGREED TO VOTE FOR CONVENING AN EMERGENCY GC. UK PERM REP
THEREUPON PROPOSED THAT GROUP SPONSOR RESOLUTION CALLING
FOR SUCH EMERGENCY GC IN ORDER TO BE ABLE TO STIPULATE TERMS
OF REFERENCE OF GC. US PERM REP TOLD GROUP US COULD NOT
CO-SPONSOR, BUT WAS AUTHORIZED TO VOTE FOR SUCH RESOLUTION.

E. GG UNANIMOUSLY AGREED THAT MEMBERS SHOULD PUSH FOR
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FURTHER ECONOMIES DURING BOARD CONSIDERATION OF 93 EX/15,
PART III. AMONG ECONOMY SUGGESTIONS WERE POSTPONING OF
ANY INTER-MINISTERIAL CONFERENCES SCHEDULED FOR 1974 AND
REDUCTION IN STAFF TRAVEL, GROUP EXPRESSED AWARENESS THAT
LDC MEMBERS OF BOARD WILL OPPOSE FURTHER REDUCTIONS IN
PROGRAM AND MAY WELL OPPOSE EVEN THOSE PROPOSED BY DG IN
HIS DOCUMENT.

F. GG AGREED THAT DURING CONSIDERATION OF AGENDA AND CALENDAR OPENING DAY, MEMBERS OF GROUP SHOULD ADVOCATE THAT BOARD BUREAU AWARD ADEQUATE TIME TO CONSIDERATION OF FINANCIAL MEASURES AND IF REQUIRED REDUCE TIME ALLOCATED TO NUMEROUS SECONDARY ITEMS CURRENTLY INCLUDED ON AGENDA.

G. GROUP UNABLE TO CONSIDER ITEMS 5.1 OR 5.2 OF BOARD AGENDA. DESPITE TWO HOUR DURATION OF MEETING. IT WAS AGREED MORE MEETINGS OF GROUP WOULD BE CALLED PRIOR TO BOARD CONSIDERATION OF THESE TWO ITEMS.

H. GROUP AGREED FINALLY, TO GET UP WRKING GROUP COMPOSED OF MEMBERS WHO ALSO ON EXBD; NAMELY, FRANCE, UK, US, FRG, ITALY, CANADA, NETHERLANDS, TO CONTINUE STUDY OF MEASURES TO BE TAKEN TO MEET FINANCIAL CRISIS. FIRST MEETING OF WORKING BODY SCHEDULED FOR 5 P.M. SEPT 11, FOLLOWING CLOSE OF BOARD' SPECIAL COMMITTEE THAT DAY. GROUP PLANS REVIEW ITEM 5.1 AT THAT TIME.
STONE

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